

# Senate Study Bill 1248

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
REBUILD IOWA BILL BY  
CHAIRPERSON HOGG)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to home improvement contractor surety bonds.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
3 TLSB 2002SC 83  
4 ak/rj/5

PAG LIN

1 1 Section 1. NEW SECTION. 91C.9 HOME IMPROVEMENT  
1 2 CONTRACTOR BOND.  
1 3 1. As used in this section:  
1 4 a. "Home improvement" means the repair, replacement,  
1 5 remodeling, alteration, conversion, modernization, improvement  
1 6 of, or addition to land or a building, or a portion of land or  
1 7 a building, that is used or designed to be used as a  
1 8 residential dwelling.  
1 9 b. "Home improvement contractor" means a person acting as  
1 10 a sole proprietor or a business organized as a partnership,  
1 11 corporation, or association that undertakes or agrees to  
1 12 perform any home improvement.  
1 13 2. a. A home improvement contractor, prior to entering  
1 14 into a home improvement contract in this state, must file with  
1 15 the labor commissioner a bond in the amount of twenty-five  
1 16 thousand dollars issued by a surety company authorized to do  
1 17 business in this state.  
1 18 b. The condition of the surety bond is such that the home  
1 19 improvement contractor must conform with the laws and rules of  
1 20 this state as applicable and for the benefit of any person who  
1 21 enters into a home improvement contract with the home  
1 22 improvement contractor.  
1 23 c. The aggregate liability of the surety bond for any and  
1 24 all breaches of the conditions of the surety bond shall not  
1 25 exceed the amount of the surety bond regardless of the number  
1 26 of years the surety bond is in effect and the number of claims  
1 27 made against the surety bond. Any revision of the surety bond  
1 28 shall not be cumulative. If the surety's obligation under a  
1 29 bond has been exhausted, the contractor is required to file a  
1 30 new bond.  
1 31 d. The surety bond shall be continuous in nature until  
1 32 canceled by the surety company with at least thirty days  
1 33 written notice to the labor commissioner and to the home  
1 34 improvement contractor. The surety company's obligation under  
1 35 the bond shall continue until the surety company has fully  
2 1 satisfied the notice requirements of this section.

## EXPLANATION

2 2  
2 3 This bill requires that before entering into a contract in  
2 4 the state of Iowa, a home improvement contractor must file  
2 5 with the labor commissioner a \$25,000 surety bond issued by a  
2 6 surety company authorized to do business in the state. The  
2 7 bill defines both "home improvement" and "home improvement  
2 8 contractor".  
2 9 The condition on the surety bond must be that the home  
2 10 improvement contractor conform with all state laws and rules  
2 11 as applicable and for the benefit of any person who enters  
2 12 into a contract with the home improvement contractor.  
2 13 The total liability of the bond for any and all breaches of  
2 14 contract shall not exceed the \$25,000 amount of the bond no  
2 15 matter how many years the bond is in effect or the number of  
2 16 claims made against the bond. If the surety's obligation  
2 17 under a bond is exhausted, the contractor must file a new  
2 18 bond.  
2 19 The bond shall be continuous until canceled by the surety

2 20 company, which must provide the labor commissioner and the  
2 21 home improvement contractor at least 30 days' notice. The  
2 22 surety company's obligation does not end until the notice  
2 23 requirements are met.  
2 24 LSB 2002SC 83  
2 25 ak/rj/5